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AGENDA ITEM 7

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. SUBJECT:** 2006 Open Enrollment Statistics
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Information
- IV. BACKGROUND:**

This agenda item presents the results of members' transfer choices during 2006 annual open enrollment, showing that only 1.8 percent of CalPERS' 563,512 subscribers transferred health plans.

This item also presents information on the change in health plans that will be included in the State of California's annuitant health benefit contribution ("100/90") formula for 2008, based on January 2007 enrollment figures. As a result of all enrollment activity throughout 2006, including open enrollment transfers, WHA will replace PERSCare in the 100/90 formula as the plan with the fourth largest state Basic plan subscriber enrollment.

V. DISCUSSION:

During 2006 open enrollment, 10,328 subscribers or 1.8 percent transferred plans. Staff used subscriber transfer and enrollment data to report:

- the impact of plan-to-plan transfers on each health plan, and
- the change in plans included in the state annuitant contribution formula for 2008.

Transfer Summary

The 1.8 percent of subscribers who transferred plans during 2006 open enrollment is consistent with past years in which there were no significant changes in plan offerings or benefit designs. Among the 10,328 subscribers who transferred,

- 9,617 were Basic plan subscribers (2.1 percent of all Basic plan subscribers), and
- 711 were Medicare subscribers (less than 1 percent of all Medicare subscribers).

Impact on Plans

Blue Shield experienced the largest number of subscribers transferring to other plans (4,710). Nearly half of the subscribers transferring out of Blue Shield (2,180) went to Kaiser and about a quarter went to PERS Choice (1,246).

Kaiser experienced the largest number of subscribers transferring from other plans (2,965), the majority of which (2,180) came from Blue Shield.

Net changes

The net change resulting from both transfers into and out of each plan shows the overall effect of plan-to-plan transfers. Following is the net percentage change in each plan's CalPERS subscriber base due to 2006 open enrollment transfers and the associated number of subscribers.

- Blue Shield had a net decrease of 2,131 subscribers, or 1.2 percent of its total CalPERS subscriber base. (This includes a net loss of 2,370 CalPERS Blue Shield subscribers and a net gain of 239 CCPOA Blue Shield subscribers.)
- CCPOA had a net decrease of 239 subscribers, or 2.6 percent of its total.
- CAHP, Kaiser, PERS Choice, and PERSCare had net changes in their total CalPERS subscriber base of less than 1 percent.
- PORAC had a net increase of 498 subscribers, or 8.8 percent of its total subscriber base, and
- WHA had a net increase of 611 subscribers, or 7.2 percent of its total.

January 2007 Enrollment

As a result of all enrollment activity throughout 2006, including 2006 open enrollment transfers, CalPERS January 2007 enrollment data shows the following distribution of total covered lives (TCLs) in CalPERS' health plans.

Plan	TCLs	Percent
Kaiser (incl out-of-state)	439,642	35.8%
Blue Shield (incl CCPOA)	414,727	33.8%
PERS Choice	232,535	18.9%
PERSCare	73,458	6.0%
CAHP	27,350	2.2%
WHA	23,479	1.9%
PORAC	16,613	1.4%
Total	1,227,804	100.0%

Change in Plans Included in the State Annuitant Contribution Formula for 2008

Section 22871 of the Public Employee's Medical and Hospital Care Act (PEMHCA) states that the state annuitant health benefit contribution ("100/90") formula uses the four health benefit plans with the largest state Basic plan subscriber enrollment (actives and annuitants) for the previous benefit year. (For example, January 2007 enrollment figures determine which plans CalPERS will use in the health benefit contribution formula for the 2008 rate year.)¹

CalPERS January 2007 enrollment figures show that WHA replaces PERSCare as the plan with the fourth largest number of state Basic plan subscribers, affecting the 2008 state annuitant contribution. Using 2007 premium data for comparison purposes, replacing PERSCare with WHA in the 100/90 formula results in a monthly health benefit contribution reduction of \$13 for a single subscriber, \$12 for two-party, and \$7 for family.

PERSCare overall subscriber enrollment has declined 8 percent over the past five years, from 57,189 in 2003 to 52,447 in 2007.

VI. STRATEGIC PLAN:

This is an information item summarizing the impact of the Board's strategic decisions on subscriber plan choices during 2006 open enrollment.

¹ Per PEMHCA, CalPERS determines the state annuitant health benefit contribution by calculating the weighted average of the premiums of the four Basic HMO and PPO plans with the largest state enrollment (active and annuitant members). The contribution for annuitants is 100 percent of this weighted average. For dependents, the contribution is 90 percent of the weighted average of the additional premiums for those dependents.

VII. RESULTS/COSTS:

This is an information item only.

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Attachment